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**FISCAL IMPACT STATEMENT**

**LS 6857**

**BILL NUMBER:** SB 345

**NOTE PREPARED:** Feb 27, 2012

**BILL AMENDED:** Feb 23, 2012

**SUBJECT:** Statewide 911 System.

**FIRST AUTHOR:** Sen. Hershman

**FIRST SPONSOR:** Rep. Thompson

**BILL STATUS:** 2<sup>nd</sup> Reading - 2<sup>nd</sup> House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill provides for the expiration on January 1, 2017, of provisions that: (1) establish a public safety communications system and computer facilities district in a county having a consolidated city; and (2) allow certain other counties to establish a public safety communications systems district. It provides for transitional provisions to ensure that all obligations incurred by a district before January 1, 2017, are satisfied according to their terms. It repeals the statutes concerning: (1) the emergency telephone system fee (assessed by counties or municipalities for enhanced 911 service for users of wireline telephone service); (2) enhanced wireless emergency telephone service (and the accompanying fee assessed statewide on users of wireless service to provide for enhanced 911 service); and (3) emergency telephone notification systems.

The bill repeals the provision that provides for the expiration and sunset on July 1, 2013 (if certain conditions are met), of the statute establishing the enhanced prepaid wireless charge. It establishes a statewide 911 system. The bill establishes the 14-member statewide 911 Board (Board) to administer the new system. The bill provides that the Treasurer of State serves as the chair of the Board. This bill provides that the Board may do the following in addition to other enumerated powers: (1) Administer statewide 911 grants in accordance with state and federal guidelines. (2) Obtain from each PSAP operating statistics and other performance measurements.

The bill establishes the Statewide 911 Fund (Fund). It provides that the fund is a dedicated fund and that no transfers may be made from the fund by the Board of Finance or Budget Agency. The bill appropriates money in the fund. The bill provides that the Board shall administer the fund. This bill provides that the Treasurer of State may invest money in the fund. It requires the State Board of Accounts to audit the fund annually.

The bill requires the Board to impose a Statewide 911 fee of \$0.75 on each standard user of communications service in Indiana. This bill requires communications service providers to collect the fee as part of the monthly billing process. It requires the Board to deposit the fees collected into the fund. The bill requires the Wireless Enhanced 911 Advisory Board to increase the amount of the prepaid wireless charge so that the amount of the charge imposed after June 30, 2012, equals \$0.75. It prohibits a state agency or a local governmental unit from imposing any additional fee relating to the provision of 911 service.

The bill provides that the Board may retain not more than \$5,600,000 for administrative purposes. The bill requires the Board to establish by rule the manner in which the board will distribute money from the fund to counties. It provides that in determining a distribution from the fund for a county for any state fiscal year beginning after June 30, 2012, the Board shall ensure that the distribution is at least equal to the average annual amount distributed to the county in wireless 911 fees and to all PSAPs in the county in wireline 911 fees during the three state fiscal years ending: (1) June 30, 2009; (2) June 30, 2010; and (3) June 30, 2011. The bill specifies the permissible uses of funds distributed to a PSAP.

The bill requires each PSAP to annually report to the Board all call data and statistics specified by the Board. The bill provides that if the Board verifies that an expenditure by a PSAP does not comply with requirements of the statute, the Board shall ensure that the fund is reimbursed in the dollar amount of the noncomplying expenditure from any source of funding available to the PSAP or to a unit in which the PSAP is located. It also requires a communications service provider to provide to a PSAP the necessary user data to enable the PSAP to implement and operate a 911 system. The bill provides that proprietary information submitted to the Board is confidential. It also allows a county to establish an emergency notification system with the approval of the Board.

The bill retains those provisions from the repealed statute requiring PSAP consolidations. It specifies that funds that remain on June 30, 2012, in the wireless emergency telephone system fund shall be transferred on July 1, 2012, to the Statewide 911 Fund. It provides that funds that remain on June 30, 2012, in: (1) a county wireless emergency telephone system fund; or (2) a county wireline emergency telephone system fund; shall be transferred on July 1, 2012, by the county treasurer to the new county 911 fund required to be set aside by the county treasurer under the act. The bill provides that the system expires on January 1, 2017. It also makes conforming amendments.

**Effective Date:** Upon passage; July 1, 2012; July 1, 2016.

**Explanation of State Expenditures:** (Revised) *911 Board:* This bill creates the Statewide 911 Board. The Board consists of 14 members and is responsible for administering the Statewide 911 system. The Board must also set procedures for the collection and remittance of the Statewide 911 fees, and distribute appropriate amounts to each PSAP. The bill requires the Board to adopt an emergency rule before September 15, 2012, to establish a distribution formula after review by the Budget Committee. The costs of administering the Statewide 911 system will be paid from the fund. The bill allows the Board to retain the lesser of 7% of remitted fees or \$5.6 M to cover the administrative expenses and costs involved in developing, operating, and maintaining the Statewide 911 system. The Board must annually report to the Budget Committee on the Board's expenses, fees collected, and distributions. It also requires the Board to annually reexamine the distribution formula to ensure that revenue is equitably distributed among the PSAPs.

The State Board of Accounts is to annually audit each PSAP that receives a distribution.

**Explanation of State Revenues:** (Revised) *Statewide 911 Fee:* This bill creates a statewide 911 system and provides that the statewide system expires July 1, 2017. Effective July 1, 2012, the bill repeals the existing statutes concerning the enhanced emergency telephone fee and the enhanced wireless 911 fee. The bill modifies the existing statute concerning the prepaid wireless fee and provides that the Statewide 911 Board shall increase the prepaid wireless fee so that the amount of the fee equals the monthly statewide 911 fee (established in the bill). The bill imposes an initial \$0.75 statewide monthly fee for 911 services throughout the state.

The current wireless emergency enhanced 911 fee is \$0.50 per phone per month, the prepaid wireless fee is \$0.25 per phone, and the enhanced emergency telephone system fee varies by county, from about \$0.39 to \$3.00 per phone per month. Therefore, fees on wireless and prepaid wireless phones will increase to \$0.75, and the fee on land lines to replace the enhanced emergency telephone system fee will increase or decrease depending on what is currently charged by counties. Eight-one counties have land line rates over \$0.75, and nine counties have rates below \$0.75, and two counties have a \$0.75 rate.

It is estimated that the statewide 911 fee proposed in this bill would raise additional revenue of \$12.45 M from regular wireless phones and \$3.97 M from prepaid wireless phones. These estimates are based on an average of historical fees collected on regular wireless and prepaid phones. The table below shows estimated revenue collected under the current rates and the proposed statewide rate on two of three fees.

	Revenue Raised under Current Rates	Revenue Raised under Proposed Statewide Rate	Incremental Revenue
<b>Prepaid Wireless phones</b>	\$1.98 M	\$5.95	\$3.97 M
<b>Regular Wireless phones</b>	\$24.89 M	\$37.34 M	\$12.45 M
<b>Total</b>	\$26.87 M	\$43.29 M	\$16.42 M

LSA does not have reliable data to estimate how much revenue would be raised from applying the \$0.75 fee to land lines in replace of the enhanced emergency telephone fee which is repealed under this bill.

The statewide fee is required to be imposed by the voice communication service providers, who are eligible to retain 1% of the fees for collection expenses.

*Statewide 911 Fund:* The bill creates the nonreverting Statewide 911 Fund, which will be administered by the Statewide 911 Board. The Statewide 911 fees will be deposited in this fund, and distributed to PSAPs as determined by the Board.

*Penalty Provision:* If additional court cases occur and fines are collected, revenue to both the Common School Fund (from criminal fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class D felony is \$10,000. However, any additional revenues would likely be small.

### **Explanation of Local Expenditures:**

**Explanation of Local Revenues:** (Revised) *Statewide 911 Fee Distribution:* The bill provides that funds that remain on June 30, 2012, in a county's wireless emergency telephone system fund and wireline emergency telephone system fund shall be transferred on July 1, 2012, by the county treasurer to the new county 911 fund required to be set aside by the county treasurer under the bill. The bill provides that the Board will distribute

the Statewide 911 fees to each PSAP in an amount such that the distribution to a PSAP with respect to any state fiscal year beginning after June 30, 2012, is at least equal to the average annual amount distributed to the PSAP during FY 2009, FY2010, and FY 2011.

The bill also provides that after December 31, 2014, if a county contains more than two PSAPs, the county may not receive a distribution from the fund for any PSAP in the county until the county contains no more than the authorized number of PSAPs. Current statute provides that after December 31, 2014, a county may not contain more than two PSAPs with some exceptions. A county may contain more than two PSAPs as long as any additional PSAPs are operated by:

- (1) a state educational institution;
- (2) an airport authority established for a county having a consolidated city; or
- (3) in a county having a consolidated city, an excluded city (as defined in IC 36-3-1-7).

*PSAP Reporting Requirements:* Not later than January 31 of each year, this bill requires each PSAP to report to the Board the following:

- (1) All expenditures made during the immediately preceding calendar year from statewide 911 fee distributions
- (2) Call data and statistics for the immediately preceding calendar year, as specified by the Board and collected in accordance with any reporting method established or required by the Board.

(Revised) *Public Safety Communications System and Computer Facilities Districts:* This bill provides for the expiration on January 1, 2017, of provisions that: (1) establish a public safety communications system and computer facilities district in a county having a consolidated city; and (2) allow certain other counties to establish a public safety communications systems district. It allows certain provisions to ensure that all obligations incurred by a public safety communications system and computer facilities district before July 1, 2016, are satisfied according to their terms. The bill provides that after June 30, 2016, a public safety communications system and computer facilities district may not pledge revenue from any bonds or taxes levied under IC 36-8-15.

(Revised) *Background Information:* The current regular wireless 911 fee is \$0.50 per phone per month, and the prepaid wireless fee is \$0.25 per phone. Revenues received from fees for FY 2009 through FY 2011 are provided in the table below.

<b>Fiscal Year</b>	<b>Revenue from regular wireless enhanced 911 fee</b>	<b>Revenue from prepaid enhanced fee</b>
2009	\$25.18 M	\$3.51 M
2010	\$24.60 M	\$3.75 M
2011	\$24.89 M	\$2.32 M*
* Prepaid fee decreased from \$0.50 to \$0.25 per prepaid phone		

The bill provides that a PSAP may use a distribution only for the following:

- (1) The lease, purchase, or maintenance of communications service equipment.
- (2) Necessary system hardware and software and data base equipment.

- (3) Personnel expenses, including wages, benefits, training, and continuing education.
- (4) Operational costs, including costs associated with:
  - (A) utilities;
  - (B) maintenance;
  - (C) equipment designed to provide backup power or system redundancy, including generators; and
  - (D) call logging equipment.
- (5) An emergency notification system under Section 40 of this chapter.
- (6) Connectivity to the Indiana data communications system (IDACS).
- (7) Rates associated with communications service providers' enhanced emergency communications system network services.
- (8) The payment of debt service on bonds issued under IC 36-8-16 (before its repeal).

A PSAP may not use a distribution for the following:

- (1) Construction, purchase, renovation, or furnishing of PSAP buildings.
- (2) Vehicles.

**State Agencies Affected:** Treasurer of State.

**Local Agencies Affected:** Public Safety Answering Points.

**Information Sources:** Barry Ritter, Indiana Enhanced Wireless 911 Board, 317-234-2507; Vicky Pool, TOS, 317-232-6260; County monthly land line rates as of May 2, 2011.

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